MOTION FOR ELECTION TO THE CENTRAL SILK BOARD

THE MINISTER OF STATE OF THE MINISTRY OF TEXTILES AND THE MINISTER OF STATE OF THE MINISTRY OF WATER RESOURCES (SHRI RAM NIWAS MIRDHA): Madam, I beg to move the following motion:

"That in pursuance of clause (c) of sub-section (3) of section 4 of the Central Silk Board Act, 1948 (61 of 1948), this House do proceed to elect, in such manner as the Chairman may direct, two members from among the members of the House to be members of the Central Silk Board."

The question was put and the motion was adopted.

CALLING ATTENTION TO A MATTER OF URGENT PUBLIC IMPORTANCE

CRISIS IN THE TEXTILE INDUSTRY AFFECTING COTTON GROWERS AND HANDLOOM AND POWERLOOM WEAVERS AND THE ACTION TAKEN BY GOVERNMENT IN THE MATTER.

THE DEPUTY CHAIRMAN: We shall now take up the Calling-Attention Motion.

SHRI A. G. KULKARNI (Maharashtra): Madam, I wish to call the attention of the Minister of Textiles to the crisis in the textile industry affecting cotton growers and handloom and powerloom weavers and the action taken by Government in the matter.

THE MINISTER OF STATE OF THE MINISTER OF STATE IN THE MINISTRY OF WATER RESOURCES (SHRI RAM NIWAS MIRDHA): Madam the production figures of both yarn and cloth indicate the basic health of the textile industry. Total yarn production increased from 1382 million kgs. during 1984-85 to 1471 million kgs. during 1986-87. The production of cloth has increased from 12,014 mill. mtrs. during 1984-85 to 12,988 mill. mtrs. during 1986-87. However, over the last few months, Government has been receiving many representations regarding problems faced by handloom and powerloom in different parts of the country. The cotton year 1986-87 saw a reduction in total production and rise in prices of cotton With this, there has been a corresponding increase in the prices of cotton yarn. Profitability of weaving operations has been affected by the rise in prices of cotton yarn and poor off-take of cloth due to erosion of purchasing power in rural and urban areas mostly due to drought conditions and floods. The problems regarding demand for cloth have affected the viability of weaving operations in all sectors of the textile industry.

I propose to discuss the issues specifically concerning cotton growers, handloom and powerloom weavers.

The production of cotton during 1985-86 was one of abundance with the production level being 107 lakh bales. On account of declining cotton prices, the cotton Corporation of India made massive purchases totalling 15.73 lakh bales during 1985-86.

Production of cotton during 1986-87 was 95 lakh bales as compared to 107 lakh bales in the previous year. The decrease in production was on account of drought conditions prevailing in certain parts of the country. The mill consumption of cotton which was 86.57 lakh bales in 1985-86 increased to 95 lakh bales on account of encouragement given for yarn exports. The exports of cotton during 1986-87 were of the order of 14.47 lakh bales, including spill over of 9.71 lakh bales of 1985-86 crop. The actual quota released during 1986-87 was 4.57 lakh bales of staple cotton and 50,000 bales of Bengal desi.

The cumulative effect of exports of cotton during these two years, increased mill consumption of cotton and decreased production level in 1986-87, was that the prices of cotton increased considerably during 1986-87. For the crop year 1986-87 the Ministry of Agriculture had fixed the minimum support prices for kapas of fair average quality by allowing an increase of Rs. 5/- per quintal in respect of two basic varieties. For the year 1987-88, the Ministry of Agriculture

[Shri Ram Niwas Mirdha]

initiated action to announce the minimum support prices well in advance of the sowing season to enable the farmers to take rational decisions on their cropping plans. Accordingly, Ministry of Agriculture announced the minimum support prices for basic varieties of cotton on 3rd March, 1987. They allowed an increase of Rs. 10/- per quintal bringing the MSP of H-4 variety to Rs. 550/- per quintal and of F-414/H-777 variety to Rs. 440/- per quintal for the cotton year 1987-88.

At present, the prices of cotton are ruling at levels far above the minimum support levels and it, therefore, cannot be said that cotton growers have been affected adversely.

Because of the increase in prices of cotton, there have been corresponding increases in prices of various types of cotton yarn. The long term measures taken by the Government regarding the regular supply of yarn to the handloom sector include the hank yarn obligation scheme, increasing captive production of yarn for the handloom sector through weavers cooperative spinning mills and, laterly, through the activities of the National Handloom Development Corporation. During the year 1986-87, NHDC has supplied more than 28 lakh kgs. of yarn, valued at more than at Rs. 8 crores, to various State handloom organisations.

The Chief Ministers of drought affected States were also addressed to take the following steps for regular supply of yarn to weavers at reasonable prices:—

(i) State Governments should make arrangements for pooling yarn produced by spinning mills in State, Cooperative sector and fix the yarn prices at reasonable levels, as is being done in Tamilnadu, Orissa and Andhra Pradesh.

(ii) State Governments should formulate a long term plan for supply of raw materials to handloom weavers and enter into an arrangement with the National Handloom Development Corporation for obtaining their yarn requirements on a regular basis.

(iii) The State Governments should get in touch with the National Textile Corporation to obtain yarn at mill rate prices for their State handloom agencies.

On account of the prevailing drought conditions, there has also been sluggishness in demand for handloom cloth. NABARD has issued instructions that credit limits may be sanctioned upto 75 per cent of the anticipated sales, instead of the earlier basis of 40—50 per cent of the anticipated sales of primary/apex cooperative societies Similarly, RBI has issued instructions to public sector banks to consider sanctioning additional working capital limits upto 20 per cent of the existing limits to National/State Handloom Development Corporations for holding higher than the normal levels of inventory for a temporary period till the end of June, 1988.

Since the introduction of the textile policy in June, 1985, the decentralised powerloom sector has continued to show buoyent growth. Production of cloth increased from 5445 million metres during 1984-85 to 6222 million metres during 1986-87.

Because of the excess weaving capacity in the country and because of the decentralised character of the powerloom sector industry, the levels of weaving activity in this sector change from time to time depending upon the prices of yarn, off-take of cloth, availability of electricity supply and economic decisions of powerloom owners varying economic and other conditions in different States. The profitability of weaving operations in recent months has been affected because of rise in prices of cotton yarn and poor off-take of cloth due to erosion of purchasing power in rural and urban areas. This may have resulted in reduction in levels of weaving activity in some areas. The available figures of yarn deliveries to the powerloom sector, for the country as a whole, indicate that the production of cloth in the powerloom sector has been maintained

during the first half of the current financial year. During the period April to September, 1987 deliveries of spun yarn of the powerloom sector were about 43 million kgs. as compared to the deliveries of 41.3 million kgs. during 1986-87.

The increase in price of cotton yarn has been largely due to rise in prices of raw cotton The Government have reviewed this situation for corrective action. Release of quota for export of cotton has been suspended so as to increase the availability of cotton for production of yarn. Both the production and stocks of yarn are being closely monitored. In the month of September, 1987, prices of cotton yarn fell by 5 4 per cent

Poor off-take of finished products as a result of drought conditions and floods is a problem faced by many sectors of the economy It is hoped that with better Rabi operations, there would be an improvement in demand in both rural and urban areas With improved demand for cloth, the viability of weaving operations is likely to improve.

SHRI A. G. KULKARNI: Madam Deputy Chairman, I have very carefully gone through the statement made by the Minister. I have no doubt about the figures. The figures have given a picture which shows that the state of health of the handloom sector or the powerloom sector or the power mill sector has improved with regard to production.

Madam, I have my own doubts about this production increase, whether it is of cotton or of synthetics? I think recently, during the last two years, since the introduction of the new textile policy, the production of synthetics has increased and naturally, to that extent, cotton cloth production might be stagnant or might have gone down. He is quite objective about the price of cotton, etc.

Now I will be discussing the present state of the textile industry as far as I can assess. I see that the present position of the textile industry is very pathetic, though the production figures give a different picture. But it is not a correct picture in the sense that production increase might be deceptive. Apart from the synthetic quantum of the total production, the production figures are also one of the efforts by factories to increase production so as to reduce the cost. It does not mean that the health of the industry is better. I do think that if an objective assessment is made after the announcement of the textile policy, what I feel is that the organised sector is becoming more sick, even with the giving of maximum concession, particularly in excise on the synthetics and the man-made yarn or fibre. The organised sector similarly received excise concession to remove the handicaps between the mill-made cloth and the powerloom cloth in the gray States and so many other concessions. It must be a fact, as the hon. Minister knows, that more mills are now becoming sick. A very few mills which are undertaking an organised modernisation programme and which are in the export trade and which produce high value products might be in a better position. Regarding the powerlooms, Madam, the figures given here basically do not indicate that there is an increase in the productivity, in the existing capacity, but, Madam, I am aware that there is a large scale clandestine increase in the number of powerlooms particularly in the mofussil areas. It is there in the mofussil areas but not in the metropolitan cities of this country. Perhaps, the increased production, majority of it must be coming from these clandestine powerlooms. That is why, Madam, I do feel that the productivity of the cotton powerlooms as a unit has not increased, but it is the clandestine increase and what you call the performance of the industry which is taken as a sign of health which might be, perhaps, wrong.

Madam, about handlooms, there are problems and my friends will be in a better position to project them. Handlooms are at present suffering from the problem of yarn prices as well as the problem of stocks in the handloom centres. About the cotton growers also, there are problems in the sense, as the Minister himself has rightly stated, growers are demanding increase in the cotton prices. The

[Shri A. G. Kulkarni]

production of cotton last year was a little bit on the lower side and this year it will not much improve. So, the cotton pricing problems will accelerate. Madam, if I take the figures which they have given to the Powerloom Board very recently and I have also collected these from the various textile organisations which have come through telex, etc.—it seems that the cotton yarn stocks which were 39.8 million Kgs. in 1984-85 increased to 56 million Kgs. in 1986-87. That means, there must be a sluggish demand for cotton yarn. That goes without saying and if stocks have increased how cloth production will increase? Similarly, Madam, about the cotton prices, there is a sudden spurt during the last one year, i.e. during 1986-87. And it is being reflected in the prices during 1987-88. and the cotton prices have risen from 70 to 85 per cent. As regards the monthly average yarn prices also, I have the figures Madam; 20-count prices have risen by 34 per cent, 40-count by 39 per cent and 60-count roughly 37 per cent. These are the standard cotton yarns used by the powerlooms and the handlooms. So, looking at these figures, Madam, one can say that there is no match between the rise in cotton prices and its reflection on the rise in varn prices. They are mis-matched. There is no match between these two Over and above this, there is a rise in the electricity tariff and wages Similarly, the States of Maharashtra, Karnataka, Tamil Nadu, Andhra Pradesh and Uttar Pradesh have raised the minimum wages to be paid to the powerloom weavers. The Indian Cotton Mills Federation which off and on has been successful in persuading the Textile Ministry during the last three years that the powerlooms are exploiting workers and weavers are also exploited, wages are paid low and that is why their cost of production is low, which I pointed out and which I can prove is baseless. Of course, I cannot explain it in this discussion for want of time But the Maharashtra Government's latest notification in assuring a *minimum wage to a powerloom weaver*, who is working roughly for 8 hours, of Rs. 800 to Rs. 1100 for managing four looms proves that workers are not exploited. As against that the mills wages are between Rs. 1200 to Rs. 1300. So the advantage of wages which has been claimed by the Indian Cotton Mills Federation in persuading cotton textile ministry is totally irrelevant, totally not correct.

Secondly, Madam, as regards the exploitation of workers that they work for 12 hours etc., perhaps the Minister himself is coming from a rural area, and he will appreciate that the work is given at the door of a weaver or of a worker where he has other side farm operations. So, this is a subsidiary work which he gets and might be working between 8 to 10 hours but remains absent for many days in a month. So, the sum total for him is the same and there is inefficiency of workers in cotton powerlooms factories because the factory conditions are not conductive to production. However in organised mills, the environment, the infrastructure is far better, there is humidified atmosphere, and in some mills there is airconditioning for sophisticated machinery, while at powerlooms it is the type of rural environment, which reduces efficiency to 60|62 per cent, leave aside the handlooms which has the worst condition in which the family members of handloom weavers work. So, taking an overall view of these problems, I see that the approach of the Textile Ministry in 1985 when this textile policy was announced was not only *ad hoc*, but an emotional-cum political approach and I do feel and I asserted many times that due to high level persuasion and the impact of publicity undertaken by the Indian Cotton Mills Federation has given a wrong perception in the Ministry which requires to be made good and reviewed on certain aspects like handicaps.

The tax policy concession given to the organised industry, particularly for the synthetics or grey cloth produced by them is conceived in haste and half-baked So, *I do feel, Madam, that on these counts* I would appeal to the Textile Minister that a review is necessary. I am not asking

for an overall review of the textile policy. But some aspects of the textile policy need a review. The scenario seems to be a classic example of wasting a country's potential to have employment, the country's potential to have aggresive exports and for this purpose I would request that the Minister do something about the genuine complaints. Even the people in the ICMA say that the sickness has not been stopped. For the last two years the powerlooms and handlooms are under a straightjacket discipline but the sickness in the organised sector of industry has not been reduced. So, it seems that the policy had to be moved upside down and had to be considered at a different level. I agree with the Minister who said at one point in his statement that the entire policy as laid down and the implementation passed to states.

It is at the State level, and what I find is, various States are the lame ducks in implementing whatever best they can do of the present textile policy. As he has rightly pointed out about the creation of more cooperatives, using NABARD, the nodal agency, for giving more finances, whatever finance is made available, the efforts of the State like Maharashtra are a total failure. Nobody is interested in the employment which powerloom sector has created in Maharashtra itself. About 3 to 5 lakh powerlooms are existing in Maharashtra giving employment to about 10—15 lakh workers consisting of about 60 lakh family members. But the Maharashtra Government is unmoved. They are not coming to the Centre with viable, objective and pragmatic policies whereby they can sustain employment which has already been created. I don't want to say anything about the handloom problems because I leave it to my friend, Mr. Aladi Aruna, who will present it better than I do. But I have all the sympathies for the handloom sector. I will support whatever the Government wants to do about it. I am only pointing out the pathetic approach of the State Government or the Central Government, the Ministry of Textiles, particularly with regard to the status of this organised sector.

I have a few suggestions to make. The Minister has rightly stated that there should be no export announcements of cotton till the month of April when the prices will stabilise. This is the objective view. Otherwise, you will make the cotton textile industry more sick, which is giving more employment. I have sympathy for the cotton growers. There must be a realistic assessment so that cotton growers can operate with increased returns. Only demanding an increase in price is not going to solve their problems. The yield must increase so that cotton growers will be receiving more returns.

Another aspect of the problem that I would like to point out is, I am also running a cooperative mill which is a fairly large mill. I am receiving many enquiries for exports and when I particularly ask: Why do you come to India when till now you were going to Brazil, to Hongkong, to Korea, to Taiwan, they say, now Brazil has withdrawn from exports and they are exporting garments more. Even Pakistan is exporting garments when earlier it was exporting cotton yarn. That is the policy they have adopted. I would recommended to the Minister that export of garments, alongwith cotton yarn, or specialised yarn, needs encouragement because as you are aware there is a fantastic rise in exports of cotton textiles, inclusive of yarn, which has given much relief to the Government.

Mr. Minister, as I have all along been raising it in the House during the last one year. I feel there must be state policy of taking over of sick textile industry. Right from the Prime Minister to yourself, you have announced that sick industries will not be taken over and added to the National Textile Corporation because the National Textile Corporation is not a hospital for the sick The National Textile Corporation was started with some humane objective. But there is a limit. It has incurred a loss of Rs. 400—500 crores in one year. It is not able to function properly. The human factor is loaded heavily against it efficient running. Then, Madam, a rational policy on take over has to be adopted.

[Shri A G Kulkarni]

Now, I want to make two or three points on powerlooms. I will again request the hon Minister. I know his views. He will await a census of handlooms. I can understand that. A census of handlooms and powerlooms is very much necessary because in this country we cannot go on the basis of *ad hoc* measures, emotional policy decisions and some make-believe statistical figures brought to us by interested lobbies But here, the imbalance between powerlooms and the organised sector, particularly, the excise handicap has done a great harm. I agree with you that there is an erosion of purchasing power in the rural areas. I agree with you. Even then, if this 25 per cent handicap is given, perhaps, the powerloom sector will be able to protect the employment which is already there Kindly get it examined. You need not declare it now. Have a small committee of your own officers, examine it and see whether there is any possibility of the handicap being restored. It will give benefit to the decentralised sector. Mills have become sick because they are marginally working mills. They will become sick There is not only lack of modernisation but total corruption in the organised mill sector and NTC. I suggest that a review should be undertaken

He has said about NABARD. Mr. Minister, you are a co-operator. I am also a co-operator.

THE DEPUTY CHAIRMAN: Please sum up now.

SHRI A. G. KULKARNI: I am summing up. Mr. Minister, the reference to NABARD which you made is welcome. I think, NABARD should come up But on your own initiative, we organised cooperatives. The District Central Cooperative Bank refuses to give the money. They say 'We have lost money in financing these co-operatives of handlooms and powerlooms; henceforth, we will not come in' This is the position in Maharashtra. I do not know the position in U.P, Bihar etc. Recently, I had a talk with representative from U.P. and Bhiwandi and was informed that the same position is there in U. P. and Bhiwandi. Just like the IDBI has set up a modernisation fund; particularly for the decentralised textile sector, NABARD should have a window which should go out of the way and have a developmental attitude rather than, what you call, an attitude of looking at the credit-worthiness. This is a purpose which needs the assistance of NABARD and, particularly, the encouragement from the Government.

I would again request the hon. Minister that the States which give more employment in powerlooms; particularly, Maharashtra, Karnataka, U.P., West Bengal, Gujarat; should be encouraged.

My last point is about synthetics I have brought to the notice of the hon. Minister the problems of the synthetic industry; the demand of the organised synthetic yarn manufacturers There are some five or six industrialists who are putting pressure on the Government to withdraw the taxes. This is not in the interest of the decentralised textile sector, particularly, in Surat; Gujarat, U P. and Bhiwandi; Maharashtra.

SHRI ALADI ARUNA *alias* V. ARUNACHALAM (Tamil Nadu). Madam Deputy Chairman, the hon. Minister in his statement has given a one-sided picture of the textile industry. He has failed to state the other factors which are mostly responsible for the state of affairs in this industry. Madam, as the hon. Minister has stated, the price of cotton 1 P.M. has increased due to the drought conditions. There is no difference of opinion about this assessment, but this factor alone is not responsible for the increase. The export policy of the Government is also responsible for the increase in price of cotton.

THE DEPUTY CHAIRMAN: Now it is time for us to break for lunch.

SHRI ALADI ARUNA *alias* V. ARUNACHALAM: I will take only ten minutes more. We can sit up to (*Interruptions*) We are prepared to skip the lunch.

SHRI CHATURANAN MISHRA (Bihar): Today is Friday, you cannot do that.

THE DEPUTY CHAIRMAN: If the House agrees, I have no objection.

श्री प्रमोद महाजन : (महाराष्ट्र) : मेरा यह कहना था कि यह इतना महत्वपूर्ण विषय है तो हम आज अगर लंच न ले और ढाई बजे तक बठें तो इसमें क्या आपत्ति हो सकती है।

श्री चतुरानन मिश्र : आज जुम्मा है।

श्री अरविन्द गणेश कुलकर्णी : आप जुम्मे में जाओ।

श्री चतुरानन मिश्र : आज छुट्टी बराबर होती है ऐसा नही होना चाहिए।

श्री प्रमोद महाजन : शुक्रवार में क्या विशेषता है कि छुट्टी होनी ही चाहिए।

THE DEPUTY CHAIRMAN: The House agrees to skip the lunch Yes, Mr. Aruna Aladi can proceed.

Mr. Aruna Aladi can proceed.

SHRI ALADI ARUNA *alias* V. ARUNACHALAM: When the drought condition is prevailing, unfortunately, the Government is expected to stop the export of cotton but it has exported 4.57 lakh bales of staple cotton and 50,000 bales of Bengal desi. This is also responsible for the increase in price of cotton. The hon. Minister in his statement has also admitted that there has been sluggishness in demand for handloom cloth. This is not due to the drought conditions alone or due to increase in price of the yarn There are other factors also which must be considered by this House.

[**The Vice-Chairman (Shri Jagesh Desai** in the Chair]

More than 20 million people are dependent on handloom sector and there are 35 lakhs of handlooms in our country. In Tamil Nadu alone there are 6 lakh handlooms. After the development of powerlooms in the textile industry, unfortunately, the sale of handloom colth has declined, whereas more than 20 million people are dependent on handloom sector. The paramount responsibility of the Government is to protect the interests of the handloom weavers. The measures taken by this Government for implementation by various agencies are not adequate.

Mr. Vice-Chairman, in 1950 itself Rajaji and Dr. Anna mooted the idea of reservation of certain items in the handloom sector alone. On the basis of their ideal nearly 12 items were exclusively allotted....

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): Today is Friday. Normally we adjourn for lunch at 1.00 O'clock but now after your speech is over we shall adjourn for lunch.

श्री प्रमोद महाजन : हम सामवार को बैठ सकते है तो शुक्रवार को क्यो नही बैठ सकते है। आप नमाज पढ़ने को चले जायें हमें कोई आपत्ति नही होगी।

SHRI ALADI ARUNA *alias* V. ARUNACHALAM: Already the Deputy Chairman has given one ruling. Now you are breaking earlier ruling.

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): No, no, this is the convention of the House I cannot help it. (*Interruptions*) The House stands adjourned for lunch and we shall meet again at 2.30

The House then adjourned for lunch at four minutes past one of the clock.

The House re-assembled after lunch at thidty-seven minutes past two of the clock.

[**The Vice-Chairman (Shri Mostafa Bin Quasem)** in the chair.]

ANNOUNCEMENT re GOVERNMENT BUSINESS DURING THE WEEK COMMENCING MONDAY, THE 23rd NOVEMBER, 1987

THE MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (SHRI M M. JACOB): With your permission, Sir, I rise to announce that Government Business in this House during the week commencing 23rd November, 1987, will consist of the consideration and passing of the following Bills:—

(1) The Equal Remuneration (Amendment) Bill, 1987.